

# Copper Mountain Mining Announces Q1 2020 Financial Results

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VANCOUVER, April 27, 2020 - [Copper Mountain Mining Corp.](#) (TSX: CMMC | ASX:C6C) (the "Company" or "Copper Mountain") announces first quarter 2020 financial and operating results. All currency is in Canadian dollars, unless otherwise stated. Results are reported on a 100% basis. The Company's Financial Statements and Management Discussion & Analysis ("MD&A") are available at [www.CuMtn.com](#) and [www.sedar.com](#).

## HIGHLIGHTS

- Implemented revised mine plan on March 10th in reaction to the global COVID-19 pandemic with the objective of achieving solid positive margins and cash flow.
- During the quarter the Company and Mitsubishi Materials Corporation reached an agreement to extend the maturity of funding advances received to date and shown as a related party current liability to a longer-term related party debt due in 2023. This has the effect of improving the Company's working capital by the same \$135.7 million.
- Cash and cash equivalents at the end of the first quarter was \$36.2 million.
- Cash flow from operations for the first quarter of 2020 was \$16.3 million.
- Loss per share of \$0.17 for the first quarter of 2020 was primarily due to the inclusion of a non-cash unrealized foreign exchange loss equating to \$0.14 on a per share basis related to the Company's debt that is denominated in US dollars. On an adjusted basis, earnings per share for Q1 2020 was \$0.01.
- Revenue for the first quarter of 2020 was \$49.6 million, from the sale of 17.9 million pounds of copper, 6,364 ounces of gold and 78,572 ounces of silver, net of pricing adjustments.
- Production for the first quarter of 2020 was 21.8 million pounds of copper equivalent (comprised of 17.5 million pounds of copper, 6,139 ounces of gold and 80,016 ounces of silver).
- For the first quarter of 2020 C1 cash costs per pound of copper produced was US\$2.01, all in sustaining cost (AISC) per pound of copper was US\$2.14.

"The most important highlight is that we have had no confirmed or presumptive cases of the COVID-19 virus at any of our operations or offices and the Copper Mountain mine is operating normally under COVID-19 protocols," commented Gil Claussen, Copper Mountain's President and CEO. "Our top priority is maintaining the health and safety of our employees and local communities."

Mr. Claussen added, "We rapidly responded to the potential market impacts of COVID-19 in early March with our announcement of a revised mine plan in light of copper price uncertainty. With these first quarter results we remain comfortable with our production guidance of 70 to 75 million pounds of copper for 2020. While this mine plan has now been fully implemented and the Company has been efficaciously reducing expenditures, unit costs remained higher in the early part of the quarter as we were still operating under the previous mine plan. However, further cost reductions are expected through lower diesel fuel costs and the benefits of the power cost deferral program, which allows for the deferral of a major portion of its power costs. With the reduced Canadian to U.S. dollar exchange rate, we are reiterating our all-in cost guidance of US\$2.20 to \$2.35 per pound for the year announced on March 10th."

## SUMMARY OF OPERATING RESULTS

## Mine Production Information

Copper Mountain Mine (100% Basis) Q1 2020 Q1 2019

## Mine

Total tonnes mined (000s)	14,919	17,454
Ore tonnes mined (000s)	3,678	2,814
Waste tonnes (000s)	11,241	14,640
Stripping ratio	3.06	5.20

## Mill

Tonnes milled (000s)	3,538	3,550
Feed Grade (Cu%)	0.30	0.29
Recovery (%)	75.3	81.6
Operating time (%)	92.3	92.9
Tonnes milled (TPD)	38,879	39,444

## Production

Copper (000s lb)	17,472	18,610
Gold (oz)	6,139	7,127
Silver (oz)	80,016	62,280

## Sales

Copper (000s lb)	17,862	19,348
Gold (oz)	6,364	7,026
Silver (oz)	78,572	64,992

C1 cash cost per pound of copper produced (US\$)<sup>(1)</sup> 2.01 1.77AISC per pound of copper produced (US\$)<sup>(1)</sup> 2.14 1.87AIC per pound of copper produced (US\$)<sup>(1)</sup> 2.47 2.44

Average realized copper price (US\$/lb) 2.58 2.85

(1) Non-GAAP performance measure. See MD&amp;A for details.

As announced on March 10<sup>th</sup>, the Company implemented a revised mine plan in reaction to the global COVID-19 pandemic and the resulting lower copper price environment. The focus of the mine plan is to maintain positive margins and cash flow, which resulted in the deferral of capital related to the installation of Ball Mill #3, resequencing short term production to lower cost mining phases in order to reduce operating costs, and rescheduling the higher grade ore in pit #3 scheduled for mining in 2020 to 2021 in order to better

match higher metal prices in the future. Notably, the revised mine plan and the associated cost benefits started to come into effect in March.

In Q1 2020, the Copper Mountain Mine produced 17.5 million pounds of copper, 6,139 ounces of gold, and 80,016 ounces of silver compared to 18.6 million pounds of copper, 7,127 ounces of gold, and 62,280 ounces of silver in Q1 2019. Production was lower in Q1 2020 compared to Q1 2019 as a result of processing a greater percentage of ore in Q1 2020 from ore domain areas that are made up of finer grained ore that results in lower recovery. Copper recovery was 75.3% in Q1 2020 as compared to 81.6% in Q1 2019. The Company continues to mine in the finer grained ore domains until the end of Q2 2020, following which recovery is expected to improve for the remainder of 2020. During the quarter, the mine processed a total of 3.5 million tonnes of ore at an average feed grade of 0.30% Cu. Copper grades for Q1 2020 were 2% higher than Q1 2019 with grade improvements expected to improve in the second half of 2020.

C1 cash cost per pound of copper produced for Q1 2020 was US\$2.01, as compared to US \$1.77 in Q1 2019. The increase in cost per pound in Q1 2020 was primarily the result of decreased production in Q1 2020. In addition, the Company capitalized \$6.2 million more of stripping costs in Q1 2019 compared to Q1 2020. All-in sustaining costs per pound of copper produced (AISC) for Q1 2020 of US\$2.14 was higher than Q1 2019 primarily as a result of producing fewer pounds of copper in Q1 2020, and marginally higher sustaining capital, lease and applicable administration expenditures in Q1 2020 than incurred in Q1 2019.

Total all-in costs per pound of copper produced (AIC), net of credits, for Q1 2020 was US\$2.47 as compared to US\$2.44 for Q1 2019. Adding together sustaining capital, lease and applicable administration expenditures, deferred stripping and low-grade stockpile mining costs the total all-in costs for Q1 2020 was \$58.1 million as compared to \$60.5 million in Q1 2019 and the slight decrease over the prior comparable period is a result of a higher gold price which produced \$2 million more in precious metal credit during Q1 2020 as compared to Q1 2019. The consistency in all-in costs over the past quarters demonstrates the consistency of the operation at the Copper Mountain Mine quarter-after-quarter, with cost variances on a unit of copper basis primarily impacted by copper grade and recovery fluctuations. Subsequent to the implementation of the revised mine plan in March and as cost reduction initiatives continue to come into effect, the Company expects to see all-in costs to decrease throughout the year.

## SUMMARY OF FINANCIAL RESULTS

Results and Highlights (100%)	Three months ended March 31,	
	2020	2019
(In thousands of CDN\$, except for per share amounts) \$		\$
Financial		
Revenue	49,564	86,870
Gross (loss) profit	(14,949)	23,276
Gross (loss) profit before depreciation <sup>(1)</sup>	(8,841)	29,615
Net (loss) income	(43,458)	17,826
(Loss) income per share &#8211; basic	(0.17)	0.07
Adjusted earnings <sup>(1)</sup>	1,447	6,036
Adjusted earnings per share &#8211; basic	0.01	0.03
EBITDA <sup>(1)</sup>	(39,715)	31,864
Adjusted EBITDA	5,190	20,074
Cash flow from operations	16,340	23,689
Cash and cash equivalents &#8211; end of period	36,223	51,947

(1) Non-GAAP performance measure. See MD&A for details.

In Q1 2020, revenue was \$49.6 million, net of pricing adjustments and treatment charges, and is based on the sale of 17.9 million pounds of copper, 6,364 ounces of gold, and 78,572 ounces of silver and on an average realized copper price of US\$2.58 per pound. Lower revenue is primarily a result of the \$19.1 million negative mark to market and final adjustment from provisional pricing on concentrate sales in Q1 2020, as compared to a \$9.9 million positive mark to market and final adjustment for Q1 2019, a differential of approximately \$29 million, in addition to a 9% lower realized copper price and 8% lower copper sales and 9% lower gold sales in the period.

Cost of sales in Q1 2020 was \$64.5 million as compared to \$63.6 million for Q1 2019. Despite a \$4.6 million reduction in site costs, there was a marginal increase year over year, as Q1 2019 cost of sales was net of \$13.6 million of deferred stripping costs, while Q1 2020 cost of sales was net of only \$7.4 million of deferred stripping costs.

The Company reported a gross loss of \$14.9 million and a net loss of \$43.5 million for Q1 2020, compared to \$23.3 million and net income of \$17.8 million, respectively, in Q1 2019. The variance in the net loss for Q1 2020, as compared to the net earnings for Q1 2019, was a result of several items including:

- Revenue in Q1 2020 included a negative mark to market adjustment on concentrate sales compared to a positive market adjustment in Q1 2019, as discussed above;
- Revenue in Q1 2020 was further affected by an 8% decrease in copper sales and a 9% decrease in gold sales compared to Q1 2019; and,
- The inclusion of a non-cash unrealized foreign exchange loss of \$26.9 million as compared to a non-cash unrealized exchange gain of \$6.1 million in Q1 2019, a differential of approximately \$33 million, which was primarily related to the Company's debt that is denominated in US dollars.

On an adjusted basis, the Company recorded net earnings of \$1.4 million for Q1 2020 compared to \$6.0 million in Q1 2019.

## PROJECT DEVELOPMENT UPDATE

### Copper Mountain Mill Expansion

The Company has continued with the first stage of the expansion in the first quarter, which includes the installation of Direct Flotation Reactors (DFRs). The installation of the DFRs will increase the efficiency and the capacity of the current cleaner circuit, which is expected to increase copper concentrate grade from about 25% to 28%, resulting in lower concentrate transportation, smelting and refining costs. The installation of the DFRs is a low capital, high return project, and the remaining capital required to complete the installation of the DFRs is approximately US\$2.3 million. Civil, structural, mechanical and piping engineering has been completed. The feed system splitter box with structural steel support has been installed and construction of the remaining components of the project are progressing on schedule and as planned. The DFR project is expected to be completed by early Q3 2020.

With the developments of COVID-19 and the associated drop in the copper price, the Company deferred all major capital spend and therefore halted work on the second stage of the Copper Mountain Ball Mill expansion plans, which consisted of installing the third ball mill, in order to preserve cash. The Ball Mill expansion is designed to increase throughput to 45,000 tonnes per day from 40,000 tonnes per day and improve copper recovery as a result of being able to achieve a finer grind of ore. Work has been reduced to completing commitments on the long lead items already ordered at the end of last year, which will allow the project to restart in an efficient manner once copper markets recover.

### Eva Copper Project

During the quarter, the Company continued with work on updating the Eva Copper 2020 Bankable Feasibility Study which is planned for release shortly. This will include a new mine plan that incorporates the new Blackard deposit as well as flowsheet optimizations, production, and cost improvements.

## OUTLOOK

Copper production in 2020 is expected to be between 70 to 75 million pounds of copper based on the Company's revised plan for 2020 in response to the COVID-19 pandemic. Copper production is expected to be more heavily weighted to the second half of the year, as a result of higher grades and as the mine begins to mine higher recovery domain areas. The Company is focused on unit cost reduction in the current commodity price environment to protect its margins and affirms that all-in costs are expected to be between US\$2.20 to US\$2.35 per pound. The Company remains on track to achieve its most recent production and all-in cost guidance, as announced on March 10<sup>th</sup>, despite the impact of the global COVID-19 pandemic.

## Q1 2020 FINANCIAL AND OPERATING RESULTS CONFERENCE CALL AND WEBCAST

Copper Mountain will host a conference call on Monday, April 27, 2020 at 7:30 am (Pacific Time) for senior management to discuss the first quarter 2020 results.

### Dial-in information:

Toronto and international: 647-427-7450

North America (toll-free): 1-888-231-8191

To participate in the webcast live via computer go to:

[https://produceredition.webcasts.com/starthere.jsp?ei=1300630&tp\\_key=a184b3c730](https://produceredition.webcasts.com/starthere.jsp?ei=1300630&tp_key=a184b3c730)

### Replay Call Information

Toronto and international: 416-849-0833, Passcode: 5958764

North America (toll-free): 1-855-859-2056, Passcode: 5958764

The conference call replay will be available until 8:59 pm (Pacific Time) on May 4, 2020. An archive of the audio webcast will also be available on the company's website at <http://www.cumtn.com>.

#### About Copper Mountain Mining Corporation

Copper Mountain's flagship asset is the 75% owned Copper Mountain mine located in southern British Columbia near the town of Princeton. The Copper Mountain mine currently produces approximately 90 million pounds of copper equivalent, with average annual production expected to increase to approximately 120 million pounds of copper equivalent. Copper Mountain also has the permitted, development-stage Eva Copper Project in Queensland, Australia and an extensive 4,000 km<sup>2</sup> highly prospective land package in the Mount Isa area. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C".

Additional information is available on the Company's web page at [www.CuMtn.com](http://www.CuMtn.com).

On behalf of the Board of

[Copper Mountain Mining Corp.](#)

"Gil Clausen"

Gil Clausen, P.Eng.

President and Chief Executive Officer

#### Cautionary Note Regarding Forward-Looking Statements

This news release may contain forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "occur" or "be achieved". Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance and opportunities to differ materially from those implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include the successful exploration of the Company's properties in Canada and Australia, the reliability of the historical data referenced in this press release and risks set out in Copper Mountain's public documents, including in each management discussion and analysis, filed on SEDAR at [www.sedar.com](http://www.sedar.com). Although Copper Mountain believes that the information and assumptions used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, Copper Mountain disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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Condensed Consolidated Interim Statements of Financial Position  
(Unaudited in thousands of Canadian dollars)

	March 31,	December 31,
	2020	2019
	\$	\$

#### Assets

##### Current assets

Cash and cash equivalents	36,223	32,126
Accounts receivable and prepaid expenses	5,820	27,947

##### Inventory

33,507

35,299



	75,550	95,372
Reclamation bonds	3,740	3,740
Deferred tax assets	33,679	28,088
Property, plant and equipment	518,479	501,663
Low grade stockpile	65,521	64,978
	696,969	693,841

#### Liabilities

##### Current liabilities

Accounts payable and accrued liabilities	45,195	41,366
Amounts payable to related parties	3,939	104,698
Current portion of long-term debt	66,526	60,260
Current tax liability	1,053	1,186
	116,713	207,510

Provisions	19,500	18,104
Interest rate swap liability	135,701	-
Long-term debt	190,905	188,123
Deferred tax liability	2,196	2,203
	465,015	415,940

#### Equity

##### Attributable to shareholders of the Company:

Share capital	266,663	266,663
Contributed surplus	19,240	18,623
Accumulated other comprehensive loss	(7,264)	(4,158)
Accumulated deficit	(102,850)	(70,516)
	175,789	210,612
Non-controlling interest	56,156	67,289
Total equity	231,954	277,901

696,969 693,841

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Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)  
For the Three Months Ended March 31  
(Unaudited in thousands of Canadian dollars, except for number of and earnings per share)

	2020	2019
	\$	\$
Revenue	49,564	86,870
Cost of sales	(64,513)	(63,594)
Gross profit	(14,949)	23,276
Other income and expenses		
General and administration	(2,446)	(2,761)
Share based compensation	(628)	(661)
Operating income	(18,023)	19,854
Finance income	74	103
Finance expense	(3,299)	(3,799)
Unrealized (loss) gain on interest rate swap	(942)	(394)
Foreign exchange gain (loss)	(26,858)	6,065
Income (loss) before tax	(49,048)	21,829
Current tax expense	(8)	(513)
Deferred income and resource tax (expense) recovery	5,598	(3,490)
Net income (loss)	(43,458)	17,826
Other comprehensive (loss) income		
Foreign currency translation adjustment	(3,106)	(803)
Comprehensive income (loss)	(46,564)	17,023
Net income (loss) attributable to:		
Shareholders of the Company	(32,334)	12,500
Non-controlling interest	(11,124)	5,326
	(43,458)	17,826
Income (loss) per share:		
Basic	\$(0.17)	\$0.07
Diluted		

\$(0.17)

\$0.07



Weighted average shares outstanding, basic	191,331,053 188,170,359
Weighted average shares outstanding, diluted	192,277,666 190,445,120
Shares outstanding at end of the period	191,331,053 134,374,708

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Condensed Consolidated Interim Statements of Cash Flows  
For the Three Months Ended March 31,  
(Unaudited in thousands of Canadian dollars)

	2020	2019
	\$	\$
Cash flows from operating activities		
Net income (loss) for the period	(43,458)	17,826
Adjustments for:		
Depreciation	6,132	6,339
Unrealized foreign exchange (gain) loss	19,724	(3,682)
Unrealized loss (gain) on interest rate swap	942	394
Deferred income and resource tax expense (recovery)	(5,598)	3,490
Finance expense	3,299	3,799
Share based compensation	628	661
	(18,331)	28,827
Net changes in non-cash working capital items	34,671	(5,138)
Net cash provided by operating activities	16,340	23,689
Cash flows from investing activities		
Deferred stripping activities	(7,437)	(13,600)
Development of property, plant and equipment	(6,135)	(2,335)
Refund of exploration bond	-	75
Net cash used in investing activities	(13,572)	(15,860)
Cash flows from financing activities		
Common shares issued on exercise of options	-	7
Contributions from non-controlling interest	24,223	15,035
Payments to non-controlling interest	-	(329)
Loan principal repaid	(22,699)	(12,828)
Interest paid	(1,732)	(2,496)
Finance lease payments	(865)	(563)

Net cash used in financing activities	(1,073)	(1,174)
Effect of foreign exchange rate changes on cash and cash equivalents	2,402	(831)
Increase in cash and cash equivalents	4,097	5,824
Cash and cash equivalents - Beginning of period	32,126	46,123
Cash and cash equivalents - End of period	36,223	51,947

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